

**WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana**

Annual Financial Statements

**As of and for the Year Ended
December 31, 2011**

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2011

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Annual Financial Statements
As of and for the Year Ended December 31, 2011

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M. CARLEEN DUMAS
Certified Public Accountant
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Independent Auditor's Report

BOARD OF COMMISSIONERS
WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH

Jonesboro, Louisiana have audited the accompanying financial statements of the governmental activities and major fund of Ward 4 Fire Protection District of Jackson Parish, a component unit of the Jackson Parish Police Jury, as of and for the year ended December 31, 2011, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of Ward 4 Fire Protection District of Jackson Parish, as of December 31, 2011, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated July 11, 2012, on my consideration of Ward 4 Fire Protection District of Jackson Parish's internal control over financial reporting and on my tests of the District's compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana of Certified Public Accountants

BOARD OF COMMISSIONERS
WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana
Independent Auditor's Report
December 31, 2011

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 and the budgetary comparison information on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Ward 4 Fire Protection District of Jackson Parish's financial statements as a whole. The Status of Prior Year Findings is presented for the purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s Carleen Dumas
Calhoun, Louisiana
July 11, 2012

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

Our discussion and analysis of Ward 4 Fire Protection District of Jackson Parish's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2011. Please read it in conjunction with the District's financial statements that begin on page 10.

BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 10 and 11 provide information about the activities of the District and present a long-term view of the District's financial position. The fund financial statements presented on pages 12 and 13 provide information on how the operations of the District are financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the government-wide statements.

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and the changes in them. Net assets - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net assets are an indicator of whether the District's financial position is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, the District reports only governmental activities due to the fact that the District is engaged in one governmental program - fire protection. Property taxes, parcel fees, and intergovernmental revenues finance most of this activity.

Fund Financial Statements

The fund financial statements begin on page 12 and provide more detailed information about the District's funds. The District has only one fund, the General Fund, which is reported as a governmental fund.

WARD 4 FIRE PROTECTION DISTRICT
 OF JACKSON PARISH
 Jonesboro, Louisiana
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2011

All of the services provided by the District are accounted for in the General Fund. Governmental funds focus on how money flows into and out of the funds and the balances left at year-end that are available for spending. Governmental funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations. Governmental fund information helps to determine whether there are more or fewer financial resources that are available to be spent in the near future.

The differences between governmental activities reported in the Statement of Net Assets and the Statement of Activities and the governmental funds reported in the fund financial statements are reported in a reconciliation at the bottom of the fund financial statements.

COMPARATIVE ANALYSIS OF FINANCIAL DATA

Government-Wide

The District's net assets increased by \$136,028 during 2011. The increase in net assets is due primarily to a \$77,133 increase in property tax revenue and \$43,000 in insurance recovery that was used to purchase capital assets totaling \$125,000. Expenses increased \$54,413 primarily due to increases in equipment repairs, maintenance, and operating costs. The following presents an analysis of net assets and changes in net assets of the District's governmental activities:

	GOVERNMENTAL ACTIVITIES	
	2011	2010
Assets		
Current assets	\$481,572	\$345,232
Capital assets	836,944	819,378
Total assets	<u>1,318,516</u>	<u>1,164,610</u>
Liabilities		
Current liabilities	85,335	137,184
Long-term liabilities	353,004	283,277
Total liabilities	<u>438,339</u>	<u>420,461</u>
Net Assets		
Invested in capital assets, net of related debt	402,772	399,584
Unrestricted	477,405	344,565
Total net assets	<u>\$880,177</u>	<u>\$744,149</u>

WARD 4 FIRE PROTECTION DISTRICT
 OF JACKSON PARISH
 Jonesboro, Louisiana
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2011

	2011	2010
Expenses - public safety	\$367,943	\$313,530
Program revenues:		
Charges for services	1,035	1,360
Operating grants	23,956	12,174
Total program revenues	24,991	13,534
Net (expense) revenue	(342,952)	(299,996)
General revenues:		
Property taxes	371,386	294,253
Parcel fees	56,242	61,445
Interest earnings	1,277	1,719
Miscellaneous	111	2,370
Special items:		
Gain on sale of capital assets	6,964	
Insurance recovery	43,000	
Total general revenues and special items	478,980	359,787
Change in net assets	136,028	59,791
Net assets - beginning	744,149	684,358
Net assets - ending	\$880,177	\$744,149

Governmental Fund - General Fund

Total revenues and other financing sources increased from \$460,821 in 2010 to \$655,152 in 2011. The total increase included a \$77,133 increase in property taxes, a \$150,895 increase in capital leases and \$43,000 from insurance recovery. Total expenditures in 2011 increased \$168,867 from the 2010 total expenditures due to an increase in operating services, capital outlay, and debt service expenditures.

OVERALL FINANCIAL POSITION

The District's net assets increased \$136,028 as a result of this year's operations. Unrestricted net assets (those assets available to finance the daily operations of the district) were \$477,405 at year end. The amount invested in capital assets, net of related debt was \$402,772 at year end.

DISTRICT'S FUNDS

At the end of the year, the District's General Fund reported an unassigned fund balance of \$477,405. The increase in unassigned fund balance for 2011 was \$132,840.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011

GENERAL FUND BUDGETARY HIGHLIGHTS

At year end, actual revenues and other financing sources exceeded budgeted revenues by \$273,157 and actual expenditures exceeded budgeted expenditures by \$90,317. The District amended its budget one time during the year.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$836,944. Capital assets include land, buildings, trucks, and equipment costing \$500 or more. The District purchased two pre-owned trucks during 2011 costing \$125,000. Additional information about the District's capital assets is presented in Note 5 to the financial statements.

Debt

At year end the District had \$434,172 in long-term obligations. Additional information about the District's debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District prepared its 2012 budget on the assumption that property tax revenues will increase approximately \$30,000 for 2012 and that all other revenues will be approximately the same as 2011. Other financing sources such as increases in capital leases are expected to decrease in 2012. The district anticipates that total expenditures for 2012 will be approximately \$21,000 less than total expenditures for 2011 with the largest decrease being capital outlay expenditures.

BASIC FINANCIAL STATEMENTS

Statement A

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

STATEMENT OF NET ASSETS
December 31, 2011

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash	\$128,494
Receivables	352,853
Utility deposits	225
Capital assets, net	<u>836,944</u>
TOTAL ASSETS	<u>1,318,516</u>
LIABILITIES	
Accounts payable	3,281
Payroll taxes payable	886
Long-term liabilities:	
Due within one year	81,168
Due in more than one year	<u>353,004</u>
TOTAL LIABILITIES	<u>438,339</u>
NET ASSETS	
Invested in capital assets, net of related debt	402,772
Unrestricted	<u>477,405</u>
TOTAL NET ASSETS	<u><u>\$880,177</u></u>

The accompanying notes are an integral part of this statement.

Statement B

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

	GOVERNMENTAL ACTIVITIES
Expenses - public safety - fire protection	<u>\$367,943</u>
Program revenues:	
Charges for services	1,035
Operating grants	<u>23,956</u>
Net (expense) revenue	<u>(342,952)</u>
General revenues and special items:	
Property taxes	371,386
Parcel fees	56,242
Interest earnings	1,277
Miscellaneous	111
Special items:	
Gain on sale of capital assets	6,964
Insurance recovery	<u>43,000</u>
Total general revenues and special items	<u>478,980</u>
Change in net assets	136,028
Net assets - beginning	<u>744,149</u>
Net assets - ending	<u><u>\$880,177</u></u>

The accompanying notes are an integral part of this statement.

Statement C

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2011

	<u>GENERAL FUND</u>
ASSETS	
Cash	\$128,494
Receivables	352,853
Utility deposits	<u>225</u>
TOTAL ASSETS	<u><u>\$481,572</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$3,281
Payroll liabilities payable	<u>886</u>
Total liabilities	4,167
Fund balance - unassigned	<u>477,405</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$481,572</u></u>
Reconciliation of the Balance Sheet of Governmental Fund To the Statement of Net Assets:	
Fund balance - unassigned - General Fund	\$477,405
Amount reported for net assets of governmental activities in the Statement of Net Assets (Statement A) is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	836,944
Long-term liabilities, including capital leases payable, are not due and payable in the current period and therefore are not reported in the fund	<u>(434,172)</u>
Net assets of governmental activities (Statement A)	<u><u>\$880,177</u></u>

The accompanying notes are an integral part of this statement.

Statement D

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended December 31, 2011

	<u>GENERAL FUND</u>
REVENUES	
Property taxes	\$371,386
Parcel fees	56,242
Intergovernmental revenue:	
State fire insurance rebate	7,462
State grant	11,995
Police jury grant	4,499
Rent	1,035
Interest earnings	1,277
Miscellaneous revenue	111
Total revenues	<u>454,007</u>
EXPENDITURES	
Public safety - fire protection:	
Current:	
Personal services	57,764
Operating services	130,506
Materials and supplies	52,205
Travel and other	3,796
Capital outlay	125,000
Debt service	153,041
Total expenditures	<u>522,312</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(68,305)</u>
OTHER FINANCING SOURCES	
Sale of capital assets	7,250
Increase in capital leases	150,895
Insurance recovery	43,000
Total other financing sources	<u>201,145</u>
NET CHANGE IN FUND BALANCE	132,840
FUND BALANCE AT BEGINNING OF YEAR	<u>344,565</u>
FUND BALANCE AT END OF YEAR	<u><u>\$477,405</u></u>

(Continued)

The accompanying notes are an integral part of this statement.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND (Contd.)
For the Year Ended December 31, 2011

GENERAL
FUND

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund to
the Statement of Activities:**

Net change in fund balance - General Fund	\$132,840
Amount reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Increases in capital leases provide current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The is the amount by which capital lease increases exceeded repayments.	(14,378)
In the statement of activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the assets sold.	(286)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.	17,852
Change in net assets of governmental activities (Statement B)	<u>\$136,028</u>

(Concluded)

The accompanying notes are an integral part of this statement.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2011

INTRODUCTION

The Ward 4 Fire Protection District of Jackson Parish was created by the Jackson Parish Police Jury, by ordinance in June 1982, under the provisions of Louisiana Revised Statute 40:1492-1501. The district is governed by a five member board who are resident property owners in the district. The members are appointed/approved by the Jackson Parish Police Jury. Board members serve two year terms without compensation. The district is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the district. The district had two part-time summer employees and one full-time employee during 2011.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Ward 4 Fire Protection District of Jackson Parish is considered a component unit of the Jackson Parish Police Jury. As a component unit, the accompanying financial statements maybe included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Ward 4 Fire Protection District of Jackson Parish.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Notes to the Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements. The Ward 4 Fire Protection District of Jackson Parish has only one governmental fund.

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes and parcel fees are recognized as revenues in the year in which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, parcel fees, and proceeds from sale of capital assets associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the district.

The Ward 4 Fire Protection District of Jackson Parish reports the following governmental fund:

General Fund

The General fund is the general operating fund of the district and accounts for all financial resources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Notes to the Financial Statements

C. Deposits

Cash includes amounts in interest-bearing demand deposits. State law allows the district to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables

Receivables reported in the government-wide statement of net assets includes property tax receivables and an amount due from the sale of a capital asset. Receivables are generally shown net of an allowance for uncollectible amounts. These statements contain no provision for uncollectible accounts. The district is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The district is authorized to levy a maximum tax of 10 mills annually on property within the boundaries of the district for maintaining, improving, acquiring, and operating fire department buildings and equipment for fire protection or other first response services in the district beginning with the year 2008 and ending with the year 2017. The district levied 10 mills for the year ended December 31, 2011 on property in the district with a total assessed value of \$37,788,970. Exco Operating Company, which owns approximately 35% of the total assessed value of property in the parish, is the largest taxpayer in the district. The property taxes are collected by the Jackson Parish Sheriff and remitted to the district.

An annual parcel fee is assessed on each parcel of immovable property as defined in Louisiana Revised Statute 40:1505(D) situated within the Ward 4 Fire Protection District for acquiring, constructing, maintaining and operating fire protection and other first response facilities and equipment. The fee was approved by voters in the district for a period of ten years beginning in 2007. Notices are sent to property owners in February each year and are due by April 10 of each year. The fees are generally collected in February through April each year by the district. Delinquent property owners receive a certified letter requesting payment in June and the district begins legal action to collect delinquent payments 21 days after mailing the certified letters.

E. Capital Assets

Capital assets, which include buildings and land, trucks, and equipment, are reported in the governmental activities column in the government-wide financial statements. All of the district's capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Notes to the Financial Statements

value at the date of donation. The Ward 4 Fire Protection District of Jackson Parish maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

All capital assets, except land are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Buildings	7-30 years
Trucks	7-15 years
Equipment	5-10 years

F. Long-term Obligations

In the government-wide financial statements, capital leases payable are reported as liabilities in the applicable governmental activities statement of net assets.

G. Net Assets/Fund Balance

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which funds can be spent. Fund balance should be reported as restricted when constraints on the use of the funds meet the same criteria as restricted net assets in the government-wide statement of net assets as noted in the previous paragraph. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the board of commissioners are reported as committed fund balance.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Notes to the Financial Statements

Assigned fund balance are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The board of commissioners is authorized to assign amounts to a specific purpose. Unassigned fund balance is the residual classification and represents fund balance that has not been restricted, committed, or assigned to a specific purpose.

At December 31, 2011, the district had only unassigned fund balance in the General Fund.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY**

A. Budget Information

The Ward 4 Fire Protection District of Jackson Parish uses the following budget practices:

A proposed General Fund budget for the ensuing year is approved by the board of commissioners each year on the modified accrual basis of accounting. The budget is open for public inspection. The budget is established and controlled by the board of commissioners at the object level of expenditure.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Encumbrance accounting is not used by the district. All changes in the budget must be approved by the board of commissioners.

Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Notes to the Financial Statements

B. Excess of Expenditures Over Appropriations

The following individual fund had actual expenditures over budgeted appropriations for the year ended December 31, 2011:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	<u>\$381,995</u>	<u>\$431,995</u>	<u>\$522,312</u>	<u>\$90,317</u>

3. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2011, the district had cash in interest-bearing demand deposits (book balances) of \$128,494. These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At December 31, 2011, the Ward 4 Fire Protection District of Jackson Parish had \$135,511 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

4. RECEIVABLES

The following is a summary of receivables at December 31, 2011:

Property taxes	\$352,096
Sale of capital assets	750
Other	7
Allowance for doubtful accounts	<u>NONE</u>
Total	<u>\$352,853</u>

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011, is as follows:

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Notes to the Financial Statements

	Balance at January 1, 2011	Increases	Decreases	Balance at December 31, 2011
Governmental activities:				
Capital assets not being depreciated:				
Land	\$14,700	NONE	NONE	\$14,700
Capital assets being depreciated:				
Buildings	257,674			257,674
Trucks	1,040,878	125,000	(\$81,668)	1,084,210
Equipment	210,681		(2,000)	208,681
Total capital assets being depreciated	1,509,233	125,000	(83,668)	1,550,565
Less accumulated depreciation for:				
Buildings	127,389	9,318		136,707
Trucks	405,501	84,257	(81,668)	408,090
Equipment	171,665	13,573	(1,714)	183,524
Total accumulated depreciation	704,555	107,148	(83,382)	728,321
Total assets being depreciated, net	804,678	17,852	(286)	822,244
Total capital assets	\$819,378	\$17,852	(\$286)	\$836,944

Depreciation expense of \$107,148 for the year ended December 31, 2011 was charged to the public safety - fire protection governmental function.

6. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations transactions for the year ended December 31, 2011:

	Capital Lease/Purchase
Balance at January 1, 2011	\$419,794
Additions	150,895
Reductions	(136,517)
Balance at December 31, 2011	\$434,172

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Notes to the Financial Statements

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2011:

	Capital Lease/Purchase
Current portion	\$81,168
Long-term portion	<u>353,004</u>
Total	<u><u>\$434,172</u></u>

Long-term obligations at December 31, 2011, in the amount of \$434,172 consists of two lease/purchase agreements with Government Capital Corporation that were subsequently sold to local banks. The agreements were used to acquire vehicles and construct a fire station. The obligations have maturities from 2012 until 2016 and both have an interest rate of 4.9%. Principal and interest payable in the next fiscal year are \$81,168 and \$18,828, respectively.

All principal and interest requirements are funded in accordance with Louisiana law by the annual property tax levy within the district and are due as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2012	\$81,168	\$18,828	\$99,996
2013	82,654	17,342	99,996
2014	86,715	13,281	99,996
2015	90,975	9,021	99,996
2016	<u>92,660</u>	<u>4,552</u>	<u>97,212</u>
Total	<u><u>\$434,172</u></u>	<u><u>\$63,024</u></u>	<u><u>\$497,196</u></u>

7. RISK MANAGEMENT

The district purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

8. COMMITMENTS UNDER CONTRACTS

In September 2011, the district entered into a construction contract in the amount of \$75,800, for the construction of a new fire station. The construction will be financed from the proceeds of a capital lease/purchase agreement entered into in March 2011. As of December 31, 2011, the district had incurred no costs in connection with this project.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Notes to the Financial Statements

9. SUBSEQUENT EVENTS

Ward 4 Fire Protection District of Jackson Parish has evaluated subsequent events through July 11, 2012, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND
For the Year Ended December 31, 2011

	BudgetedAmounts.....		Actual Amounts (Budgetary Basis - GAAP)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$305,000	\$305,000	\$371,386	\$66,386
Parcel fees	53,000	53,000	56,242	3,242
Intergovernmental revenue:				
State fire insurance rebate	9,000	9,000	7,462	(1,538)
State grant	11,995	11,995	11,995	
Police jury grant			4,499	4,499
Rent	1,000	1,000	1,035	35
Interest earnings	1,000	1,000	1,277	277
Miscellaneous revenue	1,000	1,000	111	(889)
Total revenues	<u>381,995</u>	<u>381,995</u>	<u>454,007</u>	<u>72,012</u>
EXPENDITURES				
Current:				
Personal services	61,000	61,000	57,764	3,236
Operating services	137,900	137,900	130,506	7,394
Materials and supplies	32,000	32,000	52,205	(20,205)
Travel and other	2,500	2,500	3,796	(1,296)
Capital outlay	83,296	133,296	125,000	8,296
Debt service	65,299	65,299	153,041	(87,742)
Total expenditures	<u>381,995</u>	<u>431,995</u>	<u>522,312</u>	<u>(90,317)</u>
EXCESS (Deficiency) OF REVENUES OVER				
EXPENDITURES	<u>NONE</u>	<u>(50,000)</u>	<u>(68,305)</u>	<u>(18,305)</u>
OTHER FINANCING SOURCES				
Sale of capital assets			7,250	7,250
Increase in capital leases			150,895	150,895
Insurance recovery			43,000	43,000
Total other financing sources	<u>NONE</u>	<u>NONE</u>	<u>201,145</u>	<u>201,145</u>
NET CHANGE IN FUND BALANCE	<u>NONE</u>	<u>(50,000)</u>	<u>132,840</u>	<u>182,840</u>
FUND BALANCE AT BEGINNING				
OF YEAR	<u>344,565</u>	<u>344,565</u>	<u>344,565</u>	
FUND BALANCE AT END OF YEAR	<u>\$344,565</u>	<u>\$294,565</u>	<u>\$477,405</u>	<u>\$182,840</u>

There was one budget amendment during the year ended December 31, 2011.

OTHER SUPPLEMENTAL INFORMATION SCHEDULE

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

STATUS OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2011

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Planned Corrective Action
Procedure 10	2010	Failure to obtain State Bond Commission approval	Yes	N/A

Independent Auditor's Report
Required by *Government Auditing Standards*

The following independent auditor's report on internal control over financial reporting and on compliance and other matters is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. CARLEEN DUMAS
Certified Public Accountant
369 Donaldson Road. Calhoun, Louisiana. Telephone 318/644-5726

Independent Auditor's Report on
Internal Control Over Financial Reporting and on
Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

BOARD OF COMMISSIONERS
WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

I have audited the financial statements of the governmental activities and major fund of Ward 4 Fire Protection District of Jackson Parish, a component unit of the Jackson Parish Police Jury, as of and for the year ended December 31, 2011, which comprise Ward 4 Fire Protection District of Jackson Parish's basic financial statements and have issued my report thereon dated July 11, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Ward 4 Fire Protection District of Jackson Parish's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion of the effectiveness of the District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, I identified a certain deficiency in internal control over financial reporting that I consider to be a material weakness and another deficiency that I consider to be a significant deficiency.

Member of the American Institute of Certified Public Accountants
Member of the Society of Louisiana of Certified Public Accountants

BOARD OF COMMISSIONERS
WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana
Independent Auditor's Report
on Compliance and on
Internal Control, etc.,
December 31, 2011

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of current year findings as 2011-1 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in the accompanying schedule of current year findings as 2011-2 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ward 4 Fire Protection District of Jackson Parish's financial statements are free of material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year findings as 2011-3.

Ward 4 Fire Protection District of Jackson Parish's responses to the findings identified in my audit are described in the accompanying schedule of current year findings and management's planned corrective action. I did not audit the District's responses and, accordingly, I express no opinion on them.

This report is intended solely for the information of the management and board of commissioners of Ward 4 Fire Protection District of Jackson Parish and is not intended to be and should not be used by anyone other than these specified parties.

/s Carleen Dumas
Calhoun, Louisiana
July 11, 2012

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana

Schedule of Current Year Findings and
Management's Planned Corrective Action
For the Year Ended December 31, 2011

I have audited the financial statements of the governmental activities and major fund of Ward 4 Fire Protection District of Jackson Parish, a component unit of the Jackson Parish Police Jury, as of and for the year ended December 31, 2011, which comprise the District's basic financial statements and have issued my report thereon dated July 11, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. My audit of the financial statements as of and for the year ended December 31, 2011 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Significant Deficiency ☒ Yes ☐ No

Material Weakness ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statement ☒ Yes ☐ No

Section II - Financial Statement Findings

2011-1. Inadequate Controls Over Preparation of Annual Financial Statements

Criteria: The district is required to prepare annual financial statements in accordance with generally accepted accounting principles and should have internal controls in place to prevent, detect or correct a misstatement of those financial statements.

Condition: Due to its small size, the district does not have an individual with the expertise to perform these internal control functions effectively.

Effect: Misstatements in the financial statements may not be detected within a timely period.

Recommendation: None

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana
Schedule of Current Year Findings, etc.

Management's Planned

Corrective Action:

It is not economically feasible to correct this deficiency based on the size of the district and its limited revenues.

2011-2. Need Improvement In Controls Over Expenditures/Disbursements

Criteria: Management is responsible for establishing internal control policies and procedures that provide reasonable assurance that assets are safeguarded against loss resulting from unauthorized use and that transactions are executed in accordance with management's authorizations and in accordance with applicable laws and regulations.

Condition: The following deficiencies were noted in controls over expenditures/disbursements:

1. 5 out of 55 (9%) disbursements examined were supported by a vendor's statement that did not include individual receipts or invoices for all charges appearing on the statement.
2. I examined all credit card statements during the year and noted 5 that contained charges for which the business purpose of the expenditures were not adequately documented.

Effect: The failure to adhere to internal controls over cash disbursements could result in a loss of assets from unauthorized use or disposition or from transactions that are not in accordance with management's authorizations or in accordance with applicable laws and regulations.

Recommendation: I recommend the following with regards to improving controls over expenditures/disbursements:

1. All disbursements should be supported by original itemized invoices that document the items purchased and by whom it was purchased. All charges appearing on vendors' monthly statements should be supported by original itemized invoices or receipts that are attached to the statement before payment is made.
2. All charges on credit card statements should be supported by itemized receipts that contain adequate documentation of the business purpose of the expenditure. Documentation for meals or food purchased for meetings should indicate the date and purpose of the meeting and the names of those in attendance.

WARD 4 FIRE PROTECTION DISTRICT
OF JACKSON PARISH
Jonesboro, Louisiana
Schedule of Current Year Findings, etc.

3. The board of commissioners should adopt a written travel policy that provides specific guidance as to what is allowable relating to business travel including reimbursement rates for lodging and meals. I recommend that the State of Louisiana travel policy be used as a guide for developing these policies.

Management's Planned

Corrective Action: See attached response dated July 14, 2012.

2011-3. Noncompliance with Local Government Budget Act

Criteria: Louisiana R.S. 39:1310 requires that the district adopt a budget amendment when actual expenditures exceed budgeted expenditures by 5% or more.

Condition: For the year ended December 31, 2011, actual General Fund expenditures exceeded budgeted expenditures by \$90,317 or 21%.

Effect: Violation of the Local Government Budget Act

Recommendation: I recommend that a budget amendment be adopted when actual expenditures exceed budgeted expenditures by 5% or more.

Management's Planned

Corrective Action: See attached response dated July 14, 2012.



WARD 4 FIRE PROTECTION DISTRICT

P. O. Box 613
Jonesboro, Louisiana 71251
(318) 759-6672
(318) 295-0430 - Fax

7/14/2012

**To: Steve J. Theriot, CPA
Legislative Auditor**

Re: Response to Financial Statement Findings

According to the certified public accountant that has recently completed the annual review of the financials for the Ward Four Fire Protection District of Jackson Parish, it was reported that three findings are stated in the report.

The first finding has been answered by the accountant performing the survey.

The second finding that was noted was a lack of documentation on a portion of the sales receipts where the fire district had made purchases. As of the time this deficiency was brought to the attention of the fire district, the policy of making purchases has been updated. Each purchase must now include a descriptive that leaves no doubt as to the purpose of the purchase. This policy will be reflected in all purchases as of the financial statements for July 2012.

The third finding was the fact that the fire district made payment for an apparatus and failed to place this payment into the 2011 amended budget. Not only do the eyes of the fire district watch for such mistakes but the fire district has an accounting firm watching the financials as it pays the bills for the fire district monthly. From this point on the fire district will make sure every item is paid with an issued check to be sure that no financial disbursement is missed as a budget item.



WARD 4 FIRE PROTECTION DISTRICT

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(318) 256-6672
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This fire district tries to maintain a true and accurate set of books to avoid such findings. These findings will be taken as a learning and correction process. If the response provided is not acceptable please advise further corrective action that may be taken by this fire board.

Sincerely,

A handwritten signature in black ink that reads "Paul Johns".

Paul Johns
Ward 4 FPD Fire Board President